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A bill to be entitled
 An act relating to retiree health insurance subsidy;
 amending s. 112.363, F.S.; revising provisions for
 determination of the amount of the subsidy for retirees of
 the defined benefit program and eligible participants of
 the Public Employee Optional Retirement Program of the
 Florida Retirement System or their beneficiaries;
 providing a cost-of-living adjustment for the subsidy;
 revising the contribution paid by employers of state-
 administered retirement plans; providing a finding of
 important state interest; providing an effective date.

Be It Enacted by the Legislature of the State of Florida:

Section 1. Paragraphs (f) and (g) are added to subsection
 (3) of section 112.363, Florida Statutes, and paragraph (g) is
 added to subsection (8) of said section, to read:

112.363 Retiree health insurance subsidy.--

(3) RETIREE HEALTH INSURANCE SUBSIDY AMOUNT.--

(f)1. Beginning January 1, 2006, each eligible retiree of
 the defined benefit program of the Florida Retirement System,
 or, if the retiree is deceased, his or her beneficiary who is
 receiving a monthly benefit from such retiree's account and who
 is a spouse or a person who meets the definition of a joint
 annuitant in s. 121.021(28), shall receive a monthly retiree
 health insurance subsidy payment equal to the number of years of
 creditable service, as defined in s. 121.021(17), completed at
 the time of retirement multiplied by \$7; however, no eligible

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29 retiree or beneficiary may receive a subsidy payment of more
30 than \$210 or less than \$42. If there are multiple beneficiaries,
31 the total payment must not be greater than the payment to which
32 the retiree was entitled. The health insurance subsidy amount
33 payable to any person receiving the retiree health insurance
34 subsidy payment on January 1, 2005, shall not be reduced solely
35 by operation of this subparagraph.

36 2. Beginning January 1, 2006, each eligible participant of
37 the Public Employee Optional Retirement Program of the Florida
38 Retirement System who has met the requirements of this section,
39 or, if the participant is deceased, his or her spouse who is the
40 participant's designated beneficiary, shall receive a monthly
41 retiree health insurance subsidy equal to the number of years of
42 creditable service, as provided in this subparagraph, completed
43 at the time of retirement multiplied by \$7; however, no eligible
44 retiree or beneficiary may receive a subsidy payment of more
45 than \$210 or less than \$42. For purposes of determining a
46 participant's creditable service used to calculate the health
47 insurance subsidy, a participant's years of service credit or
48 fraction thereof shall be based on the participant's work year
49 as defined in s. 121.021(54). Credit shall be awarded for a full
50 work year whenever health insurance subsidy contributions have
51 been made as required by law for each month in the participant's
52 work year. In addition, all years of creditable service retained
53 under the Florida Retirement System defined benefit program
54 shall be included as creditable service for purposes of this
55 section.

56 (g) Beginning January 1, 2007, and each January 1

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57 thereafter, the health insurance subsidy shall be adjusted by a
58 cost-of-living factor. The adjusted monthly health insurance
59 subsidy for retirees and annuitants will equal the health
60 insurance subsidy paid in the month prior to the adjustment plus
61 an amount equal to 3 percent of the prior month's health
62 insurance subsidy.

63 (8) CONTRIBUTIONS.--For purposes of funding the insurance
64 subsidy provided by this section:

65 (g) Beginning January 1, 2006, the employer of each member
66 of a state-administered retirement plan shall contribute 1.56
67 percent of gross compensation each pay period.

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69 Such contributions shall be submitted to the Department of
70 Management Services and deposited in the Retiree Health
71 Insurance Subsidy Trust Fund.

72 Section 2. The Legislature finds that a proper and
73 legitimate state purpose is served when employees and retirees
74 of the state and of its political subdivisions, and the
75 dependents, survivors, and beneficiaries of such employees and
76 retirees, are extended the basic protections afforded by
77 governmental retirement systems that provide fair and adequate
78 benefits that are managed, administered, and funded in an
79 actuarially sound manner, as required by s. 14, Art. X of the
80 State Constitution and part VII of chapter 112, Florida
81 Statutes. Therefore, the Legislature determines and declares
82 that this act fulfills an important state interest.

83 Section 3. This act shall take effect July 1, 2005.